



**"California will spend  
\$50 billion on  
K-14 education this  
year; that's \$2.9 billion  
more than last year."  
-- Governor  
Schwarzenegger**

**GOVERNOR  
ARNOLD SCHWARZENEGGER  
K-12 and Higher Education Budget Highlights  
January 10, 2005**

**Increased Funding for K-12 Education**

- The Governor's Budget proposes total spending for K-12 education of \$61 billion, an *increase* of \$1.8 billion over 2004-05 levels.
- This amount includes:
  - \$44.8 billion in Proposition 98 state and local funding.
  - \$8.8 billion in other state and local resources.
  - \$7.5 billion in federal funds.
- Per-pupil spending from all sources *increases* to \$10,084, up from \$9,864 in 2004-05.

**Proposition 98 Funding**

- The Governor's Budget proposes total Proposition 98 spending for K-12 education and California Community Colleges (CCC) of \$50 billion.
- This amount includes:
  - \$44.7 billion for K-12 and \$5.2 billion for CCC.
  - Total Proposition 98 spending *increases* by \$2.9 billion, or 6.1 percent.
- This *increase* fully funds growth and cost-of-living-adjustments for K-12 and CCC, and includes \$328 million to repay almost half the outstanding K-12 deficit factor owed due to cuts made by the previous administration.

**Higher Education Funding**

- The Governor's Budget proposes total higher education funding of \$17.7 billion.
- This amount includes:
  - General Fund spending of \$11.9 billion.
  - Spending from other sources, including local revenue and student fees, of \$5.8 billion.
  - Total higher education funding *increases* by \$887 million, or 5.3 percent.
- The Governor's Budget fully supports the Compact with the University of California (UC) and California State University (CSU), allowing for funding stability, enrollment growth, affordability, and program accountability.
- The Governor's Budget proposes:
  - UC: Total funding of \$4.8 billion, including \$2.8 billion General Fund.
  - CSU: Total funding of \$3.8 billion, including \$2.6 billion General Fund.
  - California Community Colleges: Total funding of \$7.9 billion, including \$5.4 billion General Fund.

### **Education Initiatives**

The Governor's Budget proposes ground-breaking reforms to strengthen California's standards-based education system, including:

- Career Technical Education Reform
- Charter School Expansion
- California Local Education Accountability Reform (CLEAR) Program
- CBO Training
- Creating Alternatives for Failing Schools
- Small Schools
- Accelerated English Language Acquisition Program
- Fitness and Nutrition

### **Career Technical Education**

Governor Schwarzenegger recognizes that not all students are headed to college, yet all are eventually headed to the workplace. To provide all high school students a greater variety of pathways to success in the 21<sup>st</sup> century workforce, the Administration proposes the following changes within Career Technical Education (CTE):

- Require all middle school students to take an introductory CTE course, covering a variety of career fields, in lieu of an elective.
- Reform teacher credentialing requirements to ensure a sufficient supply of faculty with relevant knowledge and skills within each career sector.
- Revise the California Community Colleges (CCC) 75/25 requirement to ensure districts can hire sufficient faculty with current expertise in CTE fields.
- Provide \$20 million in funding to create CTE courses that are articulated between K-12 and CCC.
- Revise the School Accountability Report Card to include CTE program measures.
- Increase the number of K-12 CTE courses that meet "a-g" admissions requirements as specified by the Higher Education Compact.

### **Charter School Expansion**

#### ***Alternative Authorizers***

In order to allow for the establishment of charter schools where they are most needed, the Administration will introduce legislation to allow universities and colleges to be regional authorizers of charters, subject to approval by the State Board of Education.

#### ***Categorical Block Grants***

The Governor's Budget proposes to simplify the calculation of the Charter Schools' Categorical Block Grant and augments charter school block grant funding by \$3 million above amounts needed for growth and COLA.

### **California Local Education Accountability Reform (CLEAR) Program**

The Governor's Budget proposes establishing CLEAR, a voluntary pilot program that will involve a limited number of districts and will give schools the ability to develop fiscal and academic plans, free of the restrictions imposed by state categorical programs.

CLEAR will test the benefits of increased school-level participation and transparency of school operations. Key elements of the CLEAR Program include:

- Unrestricted block grant for categorical program funding.
- Commitment to get funds directly to the schools.
- Academic and budget plans for each school site.
- District responsibility to support and supervise schools.
- Fiscal accountability of each school principal for use of funds.
- Five-year pilot with continuation and expansion contingent upon evaluation results.

### **Chief Business Officer (CBO) Training**

In 2005-06, California will spend more than \$61 billion to educate more than six million K-12 students in more than 1,000 public school districts and county offices of education. Ensuring that these funds are appropriately utilized in support of fiscally solvent and educationally sound academic programs is critical to ensuring the success of our schools and children.

The Administration proposes to establish a CBO Training Program that will provide training in the skills and knowledge necessary to successfully administer school district and county office of education budgets.

The CBO Training Program will include coursework in the following areas:

- School finance: revenue projection and monitoring, average daily attendance projections and accounting, cash flow management, budget development, financial reporting, fiscal and staffing controls.
- Leadership: organizational dynamics, communication, facilitation, and presentation.
- Operations: facilities, maintenance, transportation, food services, collective bargaining, risk management, and purchasing.

### **Categorical Reform**

The Administration is proposing to further consolidate categorical program funding by folding three additional programs into the Professional Development Block Grant. This will bring total funding in the block grant to \$277.8 million. In addition, school districts will be given flexibility to transfer funds between the Professional Development Block Grant and the Teacher Credentialing Block Grant. These changes will allow schools to better target resources on the objective of ensuring that there is a high quality teacher in every classroom.

### **Creating Alternatives for Failing Schools**

Governor Schwarzenegger is concerned that too many schools are failing to provide students with the quality education they deserve.

The Administration is committed to addressing the needs of our failing schools by providing timely and meaningful assistance through a two-pronged approach.

### **Underperforming Schools Program (II/USP) and High Priority Schools Program (HPSGP)**

The Governor's Budget includes \$271.4 million for II/USP and HPSGP to improve the academic performance of low-performing schools. Of this amount, \$45 million will fund a new cohort of HPSGP schools.

### **School Recovery Teams (SRT)**

- The Governor's Budget proposes that the State Board of Education (SBE) be authorized to provide targeted assistance, including replacing existing administrative structures at a school site. Teams will be assigned to take over the duties of the existing principal, assistant or vice principals, academic deans, district coordinators, esignated reform coordinators, and teacher leaders.
- The SBE will work with the existing Principal Leadership Institutes at UC Berkeley and UCLA to develop a list of qualified individuals to serve on the Governor's SRTs.

### **Charter Schools**

- The Administration will work to create a public-private partnership aimed at expanding the number of charter schools that will serve those students currently attending the lowest-performing schools.
- The creation of these new charter schools will galvanize public support to turn around failing schools or reconstitute them as small, independent charter schools that will successfully prepare students for college or the workplace.

## **Promoting Small Schools**

### ***School Facilities Program Incentives***

Last session, the Governor signed AB 1465 (Chapter 894, Statutes of 2004), requiring the State Allocation Board to set aside \$20 million in bond funds to be used for the construction of high schools with fewer than 500 students in large districts.

### ***Technical Assistance and Planning***

The Office of the Secretary for Education will develop partnerships with foundations and the private sector to promote smaller learning environments and provide necessary technical assistance and planning support.

## **Fitness and Nutrition**

Governor Schwarzenegger is focused on improving the health of California's children.

More than one out of three of California's children are overweight or at risk of being overweight. Obesity puts children at higher risk of developing health problems, such as high blood pressure and asthma, and can also lead to low self-esteem and poor student achievement.

Promoting increased regular physical activity and proper nutrition will aid in reducing the incidence of childhood obesity.

The Governor's Budget proposes to establish a fitness and nutrition initiative to counter childhood obesity. The initiative will:

- Make fresh fruits and vegetables available to students in schools.
- Improve the nutritional quality of foods and beverages available to students.
- Increase physical activity in schools.

## **Accelerated English Language Acquisition Program**

The Administration proposes a new English Language Acquisition Program of targeted reading instruction for grades 4-8 based on the successful Reading First model. The program includes the following:

- Intensive professional development.
- Reading coaches and content experts.
- Use and support of assessment data in the classroom.

Funding of \$57.6 million will be redirected from the existing English Language Acquisition Program, which is proposed for repeal.

### **Higher Education Compact**

In Spring 2004, Governor Schwarzenegger and the leaders of the University of California (UC) and the California State University (CSU) entered into a multi-year Higher Education Compact to provide funding stability in exchange for improved accountability in a variety of key student performance indicators. The compact provides a long-term resource plan for both UC and CSU that addresses base allocations, enrollment, student fees and other key program elements through 2010-11. In exchange for this stability, the segments committed to improving institutional performance, including program efficiency, utilization of system wide resources, and student level outcomes.

***"We have made a long-term commitment for greater investments in our schools and equipping California's workforce with the best and the brightest for years to come."***

***-- Governor Arnold Schwarzenegger  
(May 2004)***

### **2005-06 Compact Highlights for UC and CSU**

- Base funding increases of 3 percent.
- Enrollment increases of 2.5 percent.
- Fee increases of 8 percent.
- Increased quality and quantity of math and science teachers for K-12.

### **Increasing Student Access**

The Governor's Budget funds enrollment growth in all three segments:

- UC - additional 5,000 students
- CSU - additional 8,000 students
- CCC - additional 34,000 students

### **UC Merced**

The UC Merced campus will officially open its doors in the fall of 2005. It is anticipated the campus will enroll 1,000 full time equivalent students (600 freshmen, 300 transfers, and 100 graduate students). This is the first new UC campus to open in four decades. As a powerful economic engine, the campus will make valuable contributions to a region that suffers from high unemployment. One-time funding of \$14 million is included in the budget for start-up costs needed to open the campus.

### **California Community Colleges**

The Governor's Budget proposes over \$7.9 billion from all sources, representing an increase of 5.0 percent. This increase funds:

- \$136.7 million for enrollment growth. This augmentation will fund 3 percent growth or an additional 34,000 full-time equivalent students.
- \$195.5 million for a 3.93 percent COLA for general-purpose funds and selected categorical programs.
- \$31.4 million set-aside for district level accountability.
- \$20 million for Economic Development and Career Technical Education.